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SCC/AMERITECH ILLINOIS
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1. GT&C's			
A. Whereas Paragraphs	Whether language that requires SCC to represent that it is or intends to become a provider of "telephone exchange service" is consistent with the interconnection requirements of the Telecommunications Act of 1996.	SCC deleted these paragraphs, which characterize SCC as a provider of telephone exchange service to residential and business end users. SCC is a telecommunications carrier whose application to provide competitive local telecommunications services is pending. As such, SBC has a duty under the Act to negotiate to interconnect its network with SCC's. The disputed language would restrict SCC's freedom to operate according to its own business imperatives. Section 251 of the Act imposes no such restriction; thus, the disputed language should be deleted.	SCC contends that it seeks to interconnect its network with Ameritech Illinois' network pursuant to section 251 of the Telecommunications Act of 1996. Under section 251(c)(2)(A) of the 1996 Act, interconnection is only for the transmission and routing of "telephone exchange service or exchange access." SCC acknowledges that it does not provide and does not intend to provide exchange access. Accordingly, SCC would be entitled to interconnection under the 1996 Act only for the transmission and routing of telephone exchange service, and Ameritech Illinois' proposed recital to that effect should be included in the parties' interconnection agreement. SCC's unwillingness to assent to the recital confirms that SCC is not entitled to interconnection under the 1996 Act.
B. Advanced Services B.1. Acceptability for Deployment	Whether the definition of advanced services should be amended to clarify the meaning of "acceptable for deployment."	SCC defined advanced services as "high speed, switched, broadband, wireline telecommunications capability that enables users to originate and receive high-quality voice, data graphics or video communications using any technology." SBC amended this definition to "clarify" that technology included only that "acceptable for deployment." SBC's modification, however, must comport with the meaning of "acceptable for deployment" as established by the FCC in the Line Sharing Order. The FCC determined that "incumbent LECs may not unilaterally determine what technologies may be deployed." Further, the FCC determined that a loop technology deployed by a competitor should be "presumed acceptable for deployment" if the technology: "(1) complies with existing industry standards; (2) is approved by an industry standards body, the [FCC], or any state commission; or (3) has been successfully deployed by any carrier without 'significantly degrading' the performance of other services." Only these criteria should govern the acceptability of deployment of a particular loop technology. Thus, if the definition of advanced	SCC proposes that "advanced services" be defined in the General Terms and Conditions as "high speed, switched, broadband, wireline telecommunications capability that enables users to originate and receive high-quality voice, data graphics or video communications using any technology." As a threshold matter, it is not appropriate to define advanced services in the GT&C. The GT&C should contain general definitions that apply to the interconnection agreement as a whole. Where elaboration peculiar to a single appendix is needed, it should be provided in that appendix. This is precisely the case with definitions and provisions related to DSL technology. These concepts belong in the DSL appendix and, in fact, are covered in detail there. Including additional language in the GT&C could lead to confusion and would likely result in either redundancy or internal inconsistencies. Substantively, SCC's proposed definition is flawed in at least two ways. First, it does not indicate, as it should, that SCC is restricted from deploying on UNE loops xDSL technologies that have not been presumed acceptable for deployment by the appropriate regulatory or industry body, or that would cause degradation to analog voice band transmission. Under the FCC's rules, SCC must, before it deploys any DSL technology, give Ameritech Illinois notice of the technology it proposes to use, along with certification that such technology is acceptable for deployment. Line Sharing Order, ¶ 204. The FCC's rules provide that an advanced services loop technology, like xDSL service, is "presumed acceptable for deployment" if it either (1) complies with existing industry standards; or (2) is approved by an industry standards body, the FCC, or any state commission as acceptable for deployment; or (3) has been successfully deployed without significantly degrading the performance of other services. 47 C.F.R. § 51.230(a). The requesting carrier, here SCC, has the burden of demonstrating that its proposed technology satisfies one of those conditions and that it will not degrade the performance of other services. *Id.* § 51.230(c). If, and only if, the requesting carrier meets that burden, the incumbent LEC then has the burden to show that the technology would significantly degrade other services. *Id.* § 51.230(b). Ameritech Illinois' proposed definition of advanced services is consistent with these rules, and SCC's is not.

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		services includes "acceptable for deployment," SCC proposes that the definition must reference the FCC's criteria for determining acceptability as established in its Line Sharing Order.	In addition, SCC's definition of advanced services is vague and does not track the definition of advanced services provided by the FCC in the conditions to the SBC/Ameritech Merger Order (Applications of Ameritech Corp. and SBC Communications, Inc. 14 FCC Rcd 14712, Appendix C (Conditions Appendix), para. 2 (rel. Oct. 8, 1999) ("SBC/Ameritech Merger Order")). The essence of advanced services is the use of packet switching technology; however, unlike the FCC's definition, SCC's definition does not even refer to packet switching. Additionally, SCC's use of the word "switched" is vague and potentially misleading, because it could be interpreted to mean circuit switched, and advanced services are not circuit switched. SCC's uses of the terms "high speed" and "high-quality" also are vague and subject to varying interpretations. Ameritech Illinois' proposed definition accurately tracks the FCC's definition in the conditions to the SBC/Ameritech Merger Order and should be adopted.
B.2. Liability for xDSL Offerings	Whether SBC can hold SCC responsible for the cost of all damages associated with SCC's use of "non-standard" digital subscriber line ("xDSL") service.	As discussed above, the FCC prohibits ILECs from unilaterally determining what advanced services are appropriate for deployment. The use of "non-standard" language to expand the scope of SCC's obligations to cover damages related to xDSL services allows SBC to limit SCC's choice of xDSL services by exposing SCC to liability for using xDSL services that SBC deems "non-standard." Thus, the "non-standard" verbiage is inconsistent with the FCC's rules.	This issue concerns SCC's liability for the use of non-standard DSL technology. The parties have been unable to agree on whether SCC should be liable for any loss, damage or service interruption resulting from its use of non-standard DSL technology on shared loops. Ameritech Illinois proposes language that allows SCC to use any advanced services technology that is "acceptable for deployment," in accordance with the FCC's rules, and that requires SCC to assume the risk and indemnify Ameritech Illinois if SCC uses DSL technology that is not "acceptable for deployment." As discussed in Issue 1.B.1 above, SCC must, before it deploys any DSL technology, give Ameritech Illinois notice of the technology it proposes to use, along with certification that such technology is acceptable for deployment. Line Sharing Order, ¶ 204. SCC has the burden of demonstrating that its proposed technology is acceptable for deployment and that it will not degrade the performance of other services. *Id.* § 51.230(c). If, and only if, SCC meets that burden, Ameritech Illinois then has the burden of showing that the technology in question would significantly degrade the performance of other services. *Id.* § 51.230(b). The issue of liability for non-standard technology is important, because if SCC's technology is not acceptable for deployment, it could adversely affect loops used by Ameritech Illinois or other carriers. Most of the loops in Ameritech Illinois' network are grouped onto cables or "binder groups," each of which carries a number of individual loops. When SCC obtains unbundled access to a loop, it is not using an isolated piece of copper wire. Rather, the loop used by SCC shares a cable with adjacent loops, which are typically used by Ameritech Illinois or other carriers to provide retail service to end users. Depending on the type of technologies involved, there is a very real risk that the technology used by SCC on a particular loop could interfere with the signals on adjacent loops, thus reducing the quality of service for the end users who are served by those loops. This is all the more true in the case of shared loops. An incumbent LEC's methods for preventing such interference are described as "spectrum management." It is reasonable to require SCC to indemnify Ameritech Illinois for any damage, service interruption or degradation that results if SCC deploys DSL technologies that are not "presumed acceptable for deployment." Ameritech Illinois should not be required to bear the risk to its network imposed by a new technology that a CLEC wishes to deploy. Rather, because the CLEC is introducing this risk to the Ameritech Illinois network (and

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			the risk of service degradation to Ameritech Illinois' retail end-users and other CLECs), it is only fair that the CLEC bear the financial burden of this risk. Requiring SCC to indemnify Ameritech Illinois for such damage, service interruptions or degradation will not limit SCC's ability to innovate and introduce new technologies; it merely requires SCC to bear the cost of damages it causes, if any, by the introduction of a technology that has not been proven acceptable for deployment. Ameritech Illinois' proposed contract language properly reflects the FCC rules by requiring SCC to use DSL technology that is "acceptable for deployment," to inform Ameritech Illinois when it deploys a new type of DSL technology, and, importantly, to assume the risk and indemnify if SCC elects to use DSL technology that is not "acceptable for deployment." Therefore, the Commission should adopt Ameritech Illinois' proposed language and reject SCC's.
C. IntraLATA Toll Traffic	Two issues are present with respect to IntraLATA toll traffic: (1) whether the definition of intraLATA toll traffic should be limited to the calling areas that SBC designates as "normal;" and (2) whether the definition of intraLATA toll traffic should include calling areas identified in the Parties' tariffs.	SBC has improperly limited the definition of intraLATA toll traffic to "normal" calling areas, and SBC has undermined FCC and state commission precedent by excluding from the definition calling areas established in the Parties' respective tariffs. SBC's definition is inconsistent with the findings of the FCC and this Commission. The FCC held that it did "not intend to require a competing providing of local exchange service to define its local calling area to match the local calling area of an incumbent LEC." Thus, the FCC has been reluctant to limit competitors' ability to establish their own calling areas. Such language illustrates the Commission's expectation that competing carriers will have their own calling areas. Moreover, SBC has failed to define "normal." This failure creates ambiguity in the Agreement and permits SBC to raise unnecessary disputes that are not readily resolved based on the language of the Agreement, inevitably imposing unnecessary delays and costs on SCC. Accordingly, SBC should remove "normal" from the definition of intraLATA toll traffic.	1.C comprises two sub-issues, one trivial and the other substantive. The trivial sub-issue is whether the word "normal" should be used in the definition of IntraLATA Toll Traffic in the parties' agreement. Ameritech Illinois is willing to eliminate the word "normal" from that definition, and instead to communicate the intended concept in other words that reflect the correct resolution of the substantive sub-issue. The substantive sub-issue is whether the agreement will differentiate local traffic from IntraLATA Toll Traffic based solely upon Ameritech Illinois' Commission-approved local calling areas or based (in some instances) upon such alternative local calling areas as SCC may seek to establish. The correct resolution to that issue is that only Ameritech Illinois' Commission-approved local calling areas (or bands, in MSA-1) can properly be used to draw the line between local traffic and IntraLATA Toll Traffic. For purposes of inter-carrier relations, this Commission correctly treats all calls within a single Ameritech Illinois local calling area (or, in MSA-1, Band A and Band B calls) as local calls, and all calls between two different Ameritech Illinois local calling areas in the same LATA (or, in MSA-1, Band C calls) as intraLATA Toll calls. Assume, for example, that a local exchange customer of competing carrier X calls a local exchange customer of Ameritech Illinois in the same Ameritech Illinois local calling area. That call is a local call, and thus, for example, is subject to reciprocal compensation under the 1996 Act. The same is true for a call in the opposite direction between the same parties. If, on the other hand, a local exchange customer of competing carrier X calls a local exchange customer of Ameritech Illinois in a different Ameritech Illinois local calling area in the same LATA, the call is an IntraLATA toll call, and is not subject to reciprocal compensation – and the same is true of a call in the opposite direction between the same parties. The important point here is that in none of these instances do the local calling areas of competing carrier X come into play. (Indeed, to the best of Ameritech Illinois' knowledge, no wireline carrier that provides local exchange service in territory that is also served by Ameritech Illinois has even proposed to institute local calling areas different from Ameritech Illinois'.) Nor can there be any rational system of inter-carrier relations in which local calling areas of the competing carrier do come into play, because (for example) the result would be that calls going one way would be local calls, while calls between the same parties but going in the opposite direction would be intraLATA toll calls.

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		Finally, this limitation interferes with SCC's ability to design its own network in other jurisdictions where competitive carriers have the right to determine their own calling areas. For these reasons, SBC must include the calling area boundaries established by both Parties in their respective tariffs in the definition of intraLATA toll traffic.	
D. Point of Interconnection	Whether SBC may limit the definition of Point of Interconnection to the technologies and technical interfaces that have been mutually agreed upon by SBC and SCC.	The FCC's rules do not permit SBC to limit arbitrarily the points of interconnection ("POIs") that SCC may use to access SBC's network. To the contrary, "[s]ection 251(c)(2) imposes an interconnection duty at any technically feasible point. It does not limit that duty to a specific method of interconnection or access to unbundled elements." Further, "incumbent LECs bear the burden of demonstrating the technical infeasibility of a particular method of interconnection or access at any particular point." In sum, SBC may only disregard a particular interconnection point if SBC can affirmatively demonstrate that it is not technically feasible for a requesting carrier to interconnect at that point. Accordingly, the Agreement's definition of POI should not include limitation that permits SBC to limit arbitrarily those points based on its any factors other than technical feasibility.	The parties concur that their agreement will define "Point of Interconnection (POI)" as "a physical location at which the Parties' networks meet for the purpose of establishing Interconnection." The only question presented by Issue 1.D is whether that language will be followed by another sentence, proposed by Ameritech Illinois, that says, "POIs include a number of different technologies and technical interfaces based on the Parties' mutual agreement." The agreement should include that sentence, and the basis that SCC asserts for its objection to the sentence is based on a misreading of the sentence. SCC seems to think that the sentence concerns methods of interconnection (e.g., virtual collocation, meet point interconnection), which are the subject of 47 C.F.R. § 51.321. In fact, however, the subject of the disputed sentence does not concern such methods of interconnection. Rather, the sentence merely provides that the parties must agree on the *technologies* and *technical interfaces* by means of which they interconnect. Thus, for example, if a CLEC were to propose an interconnection by means of an OC-48 interface, Ameritech Illinois wants to be free to object that the projected volumes of traffic that the parties will exchange in the foreseeable future do not warrant an OC-48, and that an OC-3 (for example) should be used instead. Fairness and common sense dictate that the parties cooperate on such matters, and there is nothing in the 1996 Act or the FCC's Rules that indicates otherwise. Furthermore, Ameritech Illinois cannot lawfully be required to provide for SCC a technology or technical interface that does not already exist at the point of interconnection, as SCC's proposal would require.
E. Integrated Digital Loop Carrier	Whether the definition of Integrated Digital Loop Carrier ("IDLC") should be narrowed to include only a subscriber loop carrier system that is twenty-four (24) local loop transmission paths combined into a 1.544 Mbps digital signal which integrates within the switch at a DS1 level.	SBC has proposed to define IDLC as "twenty-four (24) local loop transmission paths combined into a 1.544 Mbps digital signal which integrates within the switch at a DS1 level." This definition is inappropriately narrow. Indeed, the FCC's descriptions of IDLC are not so limiting. The FCC has indicated that IDLCs "establish a direct digital interface with the switch at the LEC central office." The FCC has also described IDLC as "technology allow[ing] a carrier to 'multiplex' and 'demultiplex' (combine and separate) traffic at a remote concentration point or, or remote terminal, and to	The definition of IDLC in the proposed GT&C relates to the IDLC equipment that is currently utilized with the deployed switch technology. However, Ameritech Illinois would agree to adopt the definition of IDLC from the *UNE Remand Order*, ¶ 217: "IDLC technology allows a carrier to 'multiplex' and 'de-multiplex' (combine and separate) traffic at a remote concentration point, or a remote terminal, and to deliver the combined traffic directly into the switch, without first separating the traffic from the individual lines."

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		deliver the combined traffic directly in to the switch, without first separating the traffic from the individual lines." The FCC has not indicated that IDLC is limited only to a system of 24 loop transmission paths combined into a 1.544 Mbps digital signal integrating with a DS-1. Such a limitation could be used by SBC to limit SCC's access to unbundled IDLC loops. For example, if IDLC technology evolves to allow multiplexing and demultiplexing of increased numbers of transmission paths, such advancements would not be covered under SBC's definition. This result is contrary to the FCC's clear findings that "the 1996 Act is technologically neutral" and that competitors are entitled to unbundled loops regardless of the technology used by those facilities.	
F. Local Loop Transmission	Whether the definition of the local loop in the Agreement should include inside wiring, as well as all of the features, functions, and capabilities of the transmission facility.	SBC has failed to include inside wiring in the definition of the local loop. In addition, SBC has also failed to include the features, functions and capabilities of the transmission facility as a part of the definition of the local loop. These exclusions are inconsistent with the definition of the local loop set forth in the FCC rules established in its UNE Remand Order. Section 51.319(a)(1) of the rules state in relevant part that: The local loop network element is defined as a transmission facility between a distribution frame (or its equivalent) in an incumbent LEC central office and the loop demarcation point at an end-user customer premises, including inside wire owned by the incumbent LEC. The local loop network element includes all features, functions, and capabilities of such transmission facility.	The parties' agreement should track the definition of a local loop in the FCC's rules issued with the *UNE Remand Order*, 47 C.F.R. § 51.319(a)(1).

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		Inside wiring is conspicuously absent from SBC's definition of "loop." SBC's proposed definition reads as follows: "Pursuant to applicable FCC rules, a local loop unbundled network element is a dedicated transmission facility between a distribution frame (or its equivalent) in a SBC-13STATE Central Office and the loop demarcation point at an End User premises." Competitors must have access to inside wiring because it is an integral part of the loop, and such access is necessary to access end-users. Similarly, access to the "the features, functions, and capabilities" is necessary for competitors to maximize their use of the loop, including the provisioning of new technologies.	
G. Notice of Changes -- Section 251(c)(5)	Whether SBC can require SCC, a competitive provider, to comply with the Network Disclosure Rules ("Rules").	By their own terms, the Rules, codified at 47 C.F.R. §§ 51.325 through 51.335, apply only to ILECs. Indeed, the Rules appear in the Code of Federal Regulations along with other "Additional Obligations of Incumbent Local Exchange Carriers." SCC modified SBC's proposed language to reflect the proper scope of the Rules. SBC should not be permitted unilaterally to broaden the Rules to include CLECs, when the regulations plainly impose that obligation only on incumbents.	Ameritech Illinois offers no response on Issue 1.G at this time. Inasmuch as responses to petitions for arbitration are optional under section 252(b)(3) of the 1996 Act, Ameritech Illinois waives no position or argument with respect to Issue 1.G by not addressing it here.

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H. General Responsibilities of the Parties	Whether Ameritech Illinois can require SCC to commit to providing telephone exchange service within its certificated service area to business and residential end users within a certain timeframe.	SCC deleted the language proposed by SBC to reflect that SCC is not required to provide telephone exchange service to business and residential end users within any particular timeframe. Any such requirement is irrelevant to SBC's interconnection obligations and beyond the scope of the Agreement. Moreover, this requirement, whatever its term, erects an arbitrary and unjustifiable barrier to SCC's market entry by imposing artificial deadlines that must be met regardless of SCC's business imperatives. SCC alone must be able to determine how best to schedule its market entry and expend its resources. There is no legitimate reason for SBC to dictate these matters to SCC, and inclusion of such a provision in the Agreement is unreasonable and anti-competitive.	It is Ameritech Illinois' understanding that the parties have resolved this issue.
I. Effective Date, Term and Termination	The issue is how long the term of the Agreement should be.	SCC seeks a three-year term, which is common for interconnection agreements. The process of negotiating an interconnection agreement is highly resource-intensive, both in terms of time and money, as evidenced by the Parties' protracted negotiation that has now reached formal arbitration. The one-year term proposed by SBC proposes would force the SCC to commence renegotiations with SBC almost immediately upon executing this Agreement. Requiring SCC to divert its attention and resources from providing its life-saving services to renegotiations is not in the interests of SCC's customers and is decidedly counter to the public interest. In effect, a one-year term erects a barrier to entry for smaller, competitive carriers that lack the extensive resources of a large incumbent, and who, to survive, must focus on providing service to their customers rather than engaging in protracted negotiations. SBC should be required to follow a more reasonable standard of three years.	It is Ameritech Illinois' position that the parties' agreement should have a term of one year. The telecommunications industry has been, an continues to be, subject to frequent dramatic changes in technology and regulation. There is no reason to expect the rate of change to slow in the near future, and the term of the parties' agreement should be short enough – one year – to ensure that the parties will have occasion to enter into a new agreement as soon as necessary to accommodate changes that neither party can anticipate today. With the three-year term proposed by SCC, Ameritech Illinois would risk being locked into terms that could place it at an unfair competitive disadvantage for years, as would SCC. Ameritech Illinois recognizes it is highly likely, in light of the Commission's resolution of an identical issue in a recent arbitration, that the Commission will decide that the term of the SCC/Ameritech Illinois agreement should be two years. While Ameritech Illinois continues to maintain that a one-year term is optimal, Ameritech Illinois would not challenge a Commission decision to conform the length of this agreement with the length of the agreement the Commission recently arbitrated. SCC complains about the time and cost of renegotiation, but a one-year term would not impose any inappropriate burden on SCC, nor would it generate any unnecessary transaction costs. This is because the parties may, if technological or regulatory changes do not in fact render the agreement they are now arbitrating obsolete by the end of its term, simply renew the agreement.

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J. Fraud	Whether both parties should be relieved from liability for fraud associated with an end user's account, or whether such immunity should apply only to SBC on the ground that only SBC is in a position where it might be subject to such liability.	SBC's proposed language relieved only SBC from liability for fraud associated with an end user account. SCC revised the provision to make it reciprocal. Saddling SCC with such liability without imposing a corresponding obligation on SBC is unreasonable, inequitable, and anticompetitive. There is no conceivable reason that SBC should be entitled to such immunity from liability, but that SCC should not.	This issue concerns GT&C section 6.1. Ameritech Illinois' proposed language says, in pertinent part, "[Ameritech Illinois] shall not be liable to [SCC] for any fraud associated with [SCC's] End User's account, including . . . ." SCC's position is that the language should be made reciprocal. To be made reciprocal, the language would read, "Neither Party shall be liable to the other Party for any fraud associated with that Other Party's End User's account, including, . . ." There are two defects in SCC's position: First, SCC has no need for the reciprocity it is requesting, because given the nature of the services SCC provides (and intends to provide), there can never be an instance of fraud involving the account of an Ameritech Illinois end user for which SCC could possibly be held liable. Second, the language that SCC proposes in order to make section 6.1 reciprocal (as reflected in Exhibit 10 to SCC's petition for arbitration) is vague and ambiguous, to the point that it would not clearly have the effect SCC claims to be seeking. [NOTE: Ameritech Illinois believes that SCC has no End Users. If Ameritech Illinois is correct, then it is arguable that neither party has any need for section 6.1. SCC, however, may not agree that it has no End Users.]
K. Deposits	Whether a credit risk determination is required before SCC must remit an initial cash deposit.	SCC modified SBC's proposed language to clarify that deposit requirements apply to the resale services and network elements furnished under this Agreement only upon a credit risk determination. SCC is an established corporation that has existing business relationships with many carriers, including SBC. Absent a demonstration that SCC is a credit risk (i.e., it materially defaults on its payments for resale services or network elements due under this Agreement), there is no justification for requiring SCC to remit a cash deposit to SBC. Indeed, such deposits unnecessarily raise costs and make it more difficult for SCC to compete effectively.	Section 7 of the GT&C requires the CLEC to make a deposit with Ameritech Illinois before Ameritech Illinois furnishes resale services or network elements to the CLEC. The amount of the deposit is proportional to the amount of the CLEC's projected purchases over the next two to four months. A CLEC that has established good credit history with those Ameritech Illinois affiliates with which the CLEC does business is excused from the deposit requirement. The deposit requirement seeks to ensure that Ameritech Illinois will not be stuck with unpaid bills, conforms with standard business practices, and has been approved by this Commission. SCC seeks to reverse one aspect of the deposit requirement. Specifically, SCC wants the deposit requirement to apply only to CLECs that have been determined to be credit risks, instead of applying to all CLECs except those that have established good credit history. SCC's position is contrary to common sense and general commercial practice. If an unknown company that has never done business with Ameritech Illinois or any of its affiliates wants to buy products and services from Ameritech Illinois, that company should be required to make a deposit. Under Ameritech Illinois' proposed language, that would be the result; under SCC's proposed language, it would not.
L. Billing and Payment of Charges	Two issues are present with respect to billing and payment of charges: (1) whether the billing and payment of charges sections should apply to all of the services covered by the Agreement and (2)	SBC's language limits the application of the billing and payment of charges provisions to only some of the services to be provided under the Agreement. SCC revised the billing and payment of charges provisions to ensure that they apply to all of the services covered by the Agreement. Specifically,	Sub-issue (2) as identified by SCC should be a non-issue: There is no need to insert the word "undisputed" into GT&C section 9.6, because it already appears there. Ameritech Illinois assumes this was an oversight by SCC and that the parties will be able to resolve this sub-issue. As to sub-issue (1), Ameritech Illinois offers no response at this time. Inasmuch as responses to petitions for arbitration are optional under section 252(b)(3) of the 1996 Act, Ameritech Illinois waives no position or

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	whether SBC should be allowed to discontinue services for failure to pay when the charges owed are disputed.	SCC either simply deleted any reference to specific services or proposed revisions clarifying that the billing and payment of charges provisions apply to all services: interconnection, resale services, network elements, and other facilities, functions, products and services provided under the Agreement. The Agreement clearly covers all of these services and the language regarding billing and payment should apply to all services under the Agreement. Moreover, the billing and payment obligations proposed by SBC are not reciprocal. Specifically, SBC's language references all of the services covered by the Agreement only when doing so benefits SBC. Fairness dictates that billing and payment of charges provisions be reciprocal. SBC's proposed language is unreasonable, discriminatory, and anticompetitive, and it should be deleted. SBC's language also permits SBC to discontinue SCC's service if bills remain unpaid under any circumstances. It is common industry practice that service continues while disputes are being resolved and disputed amounts are withheld. Thus, SCC modified SBC's language by inserting the word "undisputed" to limit SBC's ability to cease service if charges are not paid. SCC also modified the language to make it reciprocal. Like SCC, SBC should be required to follow standard industry practices regarding billing disputes, and SBC should not be permitted to take advantage of SCC by dictating one-sided terms.	argument by not raising it here.
M. Audits	Three issues are present with respect to audits: (1) whether audits may be conducted by unspecified "employees" of the other Party; (2) whether SBC can require SCC to make its books and records available so that SBC	Audits should be performed only by an independent auditor acceptable to both Parties, and the auditing party should cover all audit costs. Audits are costly and force a company to direct precious resources to the audit task and away from the business plan. Furthermore, audit power can be easily abused and must be applied only in limited circumstances,	(1) SCC's position statement creates the impression that Ameritech Illinois is proposing that audits be conducted by the auditing party's employees rather than by independent auditors. That is incorrect. What Ameritech Illinois is proposing is that audits be performed *either* by an independent auditor *or* by employees of the auditing party *at the audited party's choice*, but that if the audited party opts for independent auditors, the audited party pays one quarter (1/4) of the independent auditor's fees and expenses. It is eminently reasonable for the agreement to provide the added flexibility that Ameritech Illinois' proposal embodies. And if the audited party opts for the more costly alternative (an independent auditor), it makes perfectly good sense for the audited party

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	may ensure SCC's "compliance with the provisions of this Agreement that affect the accuracy of Auditing Party's billing and invoicing of the services provided; and (3) whether the Parties must submit to an informal dispute resolution process when disputes arise concerning the results of an audit, and whether an additional audit by an independent auditor should be allowed under such circumstances.	especially when the parties involved do not hold equal positions in the emerging competitive market. Such audits can also be used to stifle competition by creating financial burdens on new entrants and distracting resources to the audit. An independent auditor with the auditing party incurring the costs of the audit is crucial to maintaining a balance between parties with uneven market positions. Likewise, SCC should not be required to make its books and records available so that SBC may ensure SCC's "compliance with the provisions of this Agreement that affect the accuracy of Auditing Party's billing and invoicing of the services provided. SCC deleted this vague language because it would give SBC an undefined, unspecified, and apparently unlimited ability to access SCC's books and records, giving SBC carte blanche to abuse the audit process. Finally, when disputes arise concerning the results of an audit, the Parties should not be required to submit to an informal dispute resolution process that allows for an additional audit by an independent auditor. SCC's proposed revisions obviate the need for such a provision because, under SCC's proposal, an independent auditor is required for any audit. SCC's proposal eliminates SBC's two-step process, which allows SBC's employees, not an independent auditor, to conduct audits. If disputes arise after the independent auditor's evaluation, then the Parties may use the dispute resolution process or any other legal remedy available under the Agreement.	to pay 1/4th the freight. (Ameritech recently prevailed on precisely this issue in an arbitration in another state.) (2) The parties agree that audits may be performed for the purpose of evaluating the accuracy of the Audited Party's billing and invoicing. The dispute here is over the nature and extent of the audit rights, with Ameritech Illinois advocating more extensive rights than SCC. Specifically, Ameritech Illinois proposes to allow audits for the purpose of verifying the Audited Party's compliance with any provision of the agreement that affects the accuracy of the Audited Party's billing and invoicing. This not only makes sense, but also is necessary in order to properly implement the agreed portion of the auditing provision. Billing and invoicing records are only as accurate as the underlying information. If the Audited Party's billing records reflect improper implementation of the agreement, then the billing records will necessarily be different from what they should be. Such errors may not be apparent from the face of the billing recordes alone, which is why there should be a right to audit the "back-up" to the billing records. (Ameritech recently prevailed on precisely this issue in an arbitration in another state.) (3) Ameritech Illinois' proposed GT&C section 11.1.7 should be included in the agreement, rather than being deleted as SCC proposes. If the Commission agrees with Ameritech Illinois' position on sub-issue (1), it is clearly reasonable to provide for the possibility of an independent audit to resolve any disagreements following an audit performed by the Auditing Party's employees – and SCC does not appear to dispute that. And even if the initial audit is performed by an independent auditor, it is reasonable to allow for a second independent audit – at the expense of the party that requests it – in the event of disagreements arising out of the initial audit.

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N. Disclaimer of Representations and Warranties	Whether both parties should have equal rights in disclaiming representations and warranties.	Fairness dictates that neither party should be solely liable for damages to end-user's premises that result from the furnishing of any interconnection, resale services, network elements, functions, facilities, products or services, unless that party's gross negligence or willful misconduct caused those damages. Under SBC's proposed language, only SBC is relieved from damages not caused by gross negligence or willful misconduct. Such language is discriminatory. Further, this disparate treatment may force SCC to bear costs for which SBC is primarily liable. In such an instance, SCC's rights to seek contribution from SBC would be unfairly limited. This provision should be reciprocal.	The modification that SCC seeks to make in GT&C section 13.5 would protect SCC from liabilities to which SCC is not exposed in the first place. The proposed modification is therefore pointless, and should be rejected.
O. Indemnity and Intellectual Property	Whether SBC's limitations of SCC's access to third-party intellectual property frustrates SCC's right to use that intellectual property in a nondiscriminatory manner.	The FCC has determined that the Act's mandate that ILECs to provide competitors with nondiscriminatory access to UNEs extends to the intellectual property rights necessary to utilize those UNEs. To that end, the FCC required ILECs to use their "best efforts to obtain coextensive intellectual property rights from the vendor on terms and conditions that are equal in quality to the terms and conditions under which the incumbent LEC has obtained these rights." At a minimum, ILECs must provide competitors with the name of the third-party provider of intellectual property, the intellectual property at issue and the relevant contracts. Moreover, ILECs are under a "rigorous and continuing obligation" to negotiate in good faith to provide nondiscriminatory access to third-party intellectual property and the FCC has made clear that ILECs should not frustrate competitors rights to access third-party intellectual property. These rules are based on the FCC's recognition that "requiring a competing carrier to negotiate intellectual property licenses individually with multiple vendors . . . could potentially pose a significant economic barrier to competition."	Under the FCC's Rules, Ameritech Illinois and other incumbent carriers are required only to "use their best efforts to provide all features and functionalities of each unbundled network element they provide, including any associated intellectual property rights that are necessary for the requesting carrier to use the network element in the same manner as the [incumbent]." Ameritech Illinois' proposed contract language complies precisely with this requirement. SCC's proposed language, on the other hand, seeks something other than the "best efforts" that the law requires. Moreover, Ameritech Illinois does not obtain the licenses for *all* the features and functionalities of the hardware and software it obtains. Rather, Ameritech Illinois obtains licenses for itself (and seeks to obtain licenses for CLECs) only for the features and functions that Ameritech Illinois uses. This, too, is all that the FCC requires. Ameritech Illinois' proposed language does not in any way inappropriately limit SCC's access to third-party intellectual property, and is not discriminatory.

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		The Agreement should not limit SCC's indemnification and warranty rights unilaterally. Such a limitation frustrates SCC's ability to use third-party intellectual property, particularly since SBC, and not SCC, is in the best position to evaluate the risks associated with using the intellectual property. Finally, the Agreement should not state, as SBC proposes, that SBC has "no obligation to attempt to obtain for CLEC any Intellectual Property right(s) that would permit CLEC to use any unbundled network element in a different manner than used by SBC-13STATE. This sweeping statement would permit SBC to refuse to provide SCC with intellectual property rights that SBC has obtained license to use, but is not actually using at the same time of the request. SBC's legal obligations are different -- SBC must allow competitors access to uses "contemplated by the incumbent LEC's particular license."	
P. Verification of Carrier Selection and CPNI	Three issues are present with respect to verification of carrier selection and CPNI: (1) whether each Party must deliver to the other Party a representation of authorization that applies to all orders submitted by a Party under this Agreement requiring a LEC change; (2) whether such representation of authorization must be delivered prior to the first order submitted to the other Party; and (3) whether a Party is entitled to access immediately CPNI of an end user once that Party notifies the other Party of the end user's request for local service.	SBC's proposed language to govern carrier change requests overstates SCC's obligations under the FCC's rules and imposes unnecessary, cumbersome, and anti-competitive requirements on SCC. In order to perfect an end user's change in local exchange service providers, SCC proposed the deletion of the following SBC language: Each Party shall deliver to the other Party a representation of authorization that applies to all orders submitted by a Party under this Agreement requiring a LEC change. A Party's representation of authorization shall be delivered to the other Party prior to the first order submitted to the other Party. The FCC has established specific rules for carriers involved in the carrier change request process. Carriers submitting a change request have an obligation to obtain customer authorization for each	Ameritech Illinois' proposed language is patently reasonable. If SCC does not deliver to Ameritech Illinois the requested representation of authorization, Ameritech Illinois will have no way to know that SCC has authorization to view the confidential CPNI that SCC wants to view.

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		type of service changed and to verify the customer's authorization of the change request. Carriers executing the change have the obligation to execute these verified changes "promptly and without unreasonable delay." The FCC rules neither require competitors to show a representation of authorization for every order submitted to a carrier nor permit the carriers to impede the carrier change process by imposing a particular schedule for those submissions. SBC has also proposed that both Parties have the right to access immediately the CPNI of an end-user once that Party notifies the other party of the end-user's request for local service. Section 222 of the Act provides that a "telecommunications carrier shall disclose customer proprietary network information, upon affirmative written request by the customer, to any person designated by the customer. Pursuant to this provision, the FCC established rules on access to customer proprietary network information (CPNI) under § 222. The FCC later revised those rules, but before the FCC released its revised rules, the 10th Circuit vacated the FCC's initial CPNI rules, finding fault with some of the basic premises of the FCC's CPNI decisions. The FCC has not yet issued CPNI rules that are responsive to the 10th Circuit decision, but the FCC has indicated that it will issue an order after the resolution of the litigation with respect to its CPNI rules. However, the 10th Circuit only vacated the FCC rules and carriers continue to have an obligation to abide by § 222 of the Act. Therefore, in view of the plain language of the Act, unless an end user affirmatively authorizes SCC in a written request to provide CPNI to SBC, § 222 prohibits SCC from providing that end user's CPNI to SBC. The Agreement should reflect this § 222 requirement.	

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Q. Assignment	Whether prior approval to assign or transfer the Agreement should be reciprocal obligation.	Fairness dictates that each Party must obtain the other Party's prior approval before transferring or assigning the Agreement. Indeed, it is industry practice to make such transfer and assignment provisions reciprocal in interconnection agreements. SCC would be seriously disadvantaged if SBC assigned the Agreement to another party without SCC's approval. The Agreement is a co-carrier agreement under which both Parties provide benefits to the other; regardless of the Party to be replaced, both Parties should have the right to approve the substitute. SBC's language is unreasonable, discriminatory, and anticompetitive, and it should be deleted.	The obligations that interconnection agreements impose on incumbent carriers and on competing carriers are by no means equal or symmetrical. Interconnection agreements, including this one, reflect the fact that the 1996 Act imposes a host of obligations and burdens on ILECs, such as Ameritech Illinois, while conferring a host of rights and benefits upon requesting carriers such as SCC. Hence, while SCC's position on assignments may at first blush appear symmetrical and therefore reasonable, it actually is not. The CLECs with which Ameritech Illinois has interconnection agreements impose requirements on Ameritech Illinois that differ markedly in kind and in degree from one CLEC to the other, and Ameritech Illinois has a legitimate interest in ensuring that it is not subject to the shifting and unforeseeable burdens and obligations that may result when one CLEC assigns its interconnection agreement to another CLEC. Accordingly, it is reasonable for Ameritech Illinois to be permitted to approve any proposed transfer or assignment of the agreement. There has been, and will likely continue to be numerous transfers, mergers, and acquisitions between and among communications providers. Ameritech Illinois is not interested in inhibiting such transfers or assignments, but must receive before they occur. Ameritech Illinois must be allowed to accommodate operational and/or provisioning changes that may result from a transfer or assignment, and to subsequently negotiate, draft, and amend affected contract provisions. SCC apparently does not dispute any of this, and does not oppose Ameritech Illinois' right to approve a transfer or assignment by SCC. SCC maintains, however, that it should have the right to approve a transfer or assignment of the agreement by Ameritech Illinois. SCC's proposal, if accepted, would create an impossible situation. Ameritech Illinois is a party to many dozens of interconnection agreements, and therefore many dozens of CLECs would have to provide consent if such language were added to Ameritech Illinois' interconnection agreements. Furthermore, before Ameritech Illinois makes an assignment, it must first receive approval from this Commission (as well as the FCC and potentially other state commissions), and SCC would have the right to participate in the approval process. Contrary to SCC's assertion, it is not industry practice to make such transfer and assignment provisions reciprocal.